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Overview

Labour Statistics: Concepts, Sources and Methods

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About labour statistics guide

See our [About labour statistics guide \(/statistics/understanding-statistics/guide-labour-statistics/about-labour-statistics-guide\)](#) for summary information about the ABS labour statistics program, labour measures, data sources and information available. It complements the detailed information in Labour Statistics: Concepts, Sources and Methods.

Scope of Australian labour statistics

Labour statistics provide information on four key components related to work and the broader labour market: people, jobs, hours worked and labour payments, including:

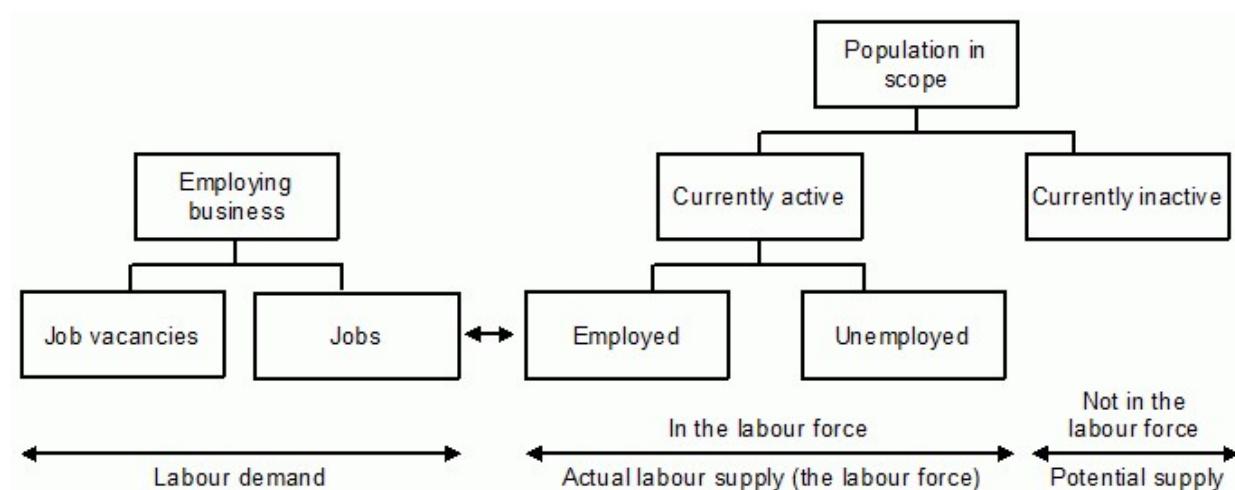
- People: e.g. the number of people working, looking for work and not working; their demographic and personal characteristics; the efforts they have undergone to find work; their experience in employment; and the amount of work they do.
- Jobs: e.g. the number of filled and vacant jobs in the economy; the duration of the jobs; the number of jobs held by employed people; and job mobility.
- Hours worked: e.g. the number of hours actually and usually worked by people in jobs; the number of hours paid for by employers; hours sought by the unemployed; and additional hours preferred by the underemployed.
- Payments: e.g. average weekly earnings; hourly earnings; earnings distribution; compensation of employees; and wage price indexes.

The concepts of supply and demand of labour are integral to each of these four topics.

Labour statistics provide information on the total demand for, and supply of, labour.

Boundaries are necessary to define the scope and treatment of activities that occur within the economy and within the labour force. In Australia, the concept of economic activity underlies measures of the economically active population, which in turn is used to define the labour force as well as employing enterprises. For more information on economic activity, enterprises, and the economically active population, see the section: Institutional Units and the Economically Active Population.

The scope of labour statistics



Uses and users of labour statistics

Labour statistics are used to study the economic behaviours of employers and employees in response to changing prices, profits, wages and working conditions. They also provide information about the structure of the labour force and its relationship with the wider economy.

Labour statistics have two broad objectives:

- The measurement of the extent of available and unused labour capacity, in time and human resources, for the purpose of macro-economic monitoring and human resources development planning; and
- The measurement of the relationships between employment, income and other social and economic characteristics, for the purpose of formulating and monitoring employment policies and programs, income-generating and maintenance schemes, vocational training and other similar programs.

The first broad objective in collecting data on the economically active population may be labelled as the economic perspective, and the second as the social perspective. Under each perspective, there are several more specific measurement objectives.

Macro-economic monitoring

From an economic point of view, a major objective of collecting data on the economically active population is to provide basic information on the size and structure of a country's workforce. Data collected at different points in time provide a basis for monitoring current trends and changes in the labour market and in the employment situation. These data, supplemented by information on other aspects of the economy, including information on activities outside the strict definition of economic activity, provide a basis for the evaluation and analysis of the macro-economic policies of a country. The unemployment rate, in particular, is widely used as an overall indicator of the current performance of a country's economy.

Workforce planning and development

Another objective in collecting data on the economically active population is to provide a basis on which to measure labour supply, labour input and the extent to which available human resources are being utilised in the production process of the economy. Such information is essential for planning and formulating policies on the development of human resources.

Labour supply refers to the population which furnishes the supply of labour for the

production of goods and services during a given period; the amount of time that the population works or is available for work during that period; the intensity of work; and the level of training and skill of the population. Labour input is related to labour supply, and refers to the actual utilisation of the available labour. It corresponds to the number of workers at work, their actual time input, productivity and use of skills.

Information on persons outside of the economically active population (e.g. persons not in the labour force) or certain activities outside of economic activity (e.g. home duties or volunteering) supplements these data and allows for a more complete analysis of available human resources. Most of these elements for measuring labour supply and labour input are obtainable from household surveys, but others, such as productivity, use of skills and intensity of work may be better obtained from other sources of data, or from combinations of data from different sources.

Employment policies

Statistics on the economically active population are essential to the design and evaluation of overall government policies aimed at promoting and creating employment. These may include training programs, schemes to help people start or return to work, community work programs, assistance in setting up an enterprise, wage subsidies, tax exemptions and other positive incentives for employment promotion.

The relevant statistics, when broken down by sex, age group, occupational categories and branches of economic activity, also provide essential material for assessing the social effects of government employment policies. Further to this purpose, information is needed on changes in the level of employment and unemployment among women, young persons, elderly workers, Aboriginal and Torres Strait Islander peoples, and other population groups of particular social concern.

Information on activities outside of economic activity, such as the supply of voluntary labour or the care of children at home, provide further information to support the development of effective employment policies.

Income and wealth policies

Employment is the main source of income for most people, and therefore employment statistics constitute a major element in formulating and evaluating government policies on income generation and maintenance, alleviation of poverty and redistribution of income. They can also be used in assessing the effects of price stabilising, structural adjustment and fiscal consolidation policies on the employment and income situation of the working

population and its different subgroups. The joint measurement of employment and income provides the basis for analysing the adequacy of employment of different categories of workers, the income-generating capacity of different types of economic activities and the incidence of different forms of employment related economic hardships.

Data on employment and income, disaggregated by occupation, branch of economic activity and other socio-demographic characteristics, are needed in particular for negotiations among social partners, such as collective bargaining and programs for equal opportunity and treatment in employment. Data on labour provided by the persons not in the economically active population supplements information on income and wealth, particularly as it relates to decisions around labour force participation and domestic expenditure (e.g. the decision to care for children at home rather than to work and to pay for childcare).

Other uses

Statistics on the economically active population may also serve a variety of other analytical purposes. Data may be used to explain the past growth of an economy and to study the demographic and socio-economic factors affecting the size and composition of a workforce, or they can be used to make projections of the economically active population and its components as a basis for socio-economic planning. Employment characteristics can serve as explanatory variables in many fields of research, ranging from testing theories on the segmentation of the labour market to formulating demographic models.

Data may be used to inform the public about the state of employment or to focus attention on particular issues, such as child labour or race or gender based discrimination, or alternatives to economic activity such as volunteering. Employment statistics may give useful indications to business planners on the future course of the economy. Statistics about persons not in the labour force and certain non-economic activity (e.g. childcare) may indicate structural changes in the composition of the labour force.

Labour statistics: A user perspective

Wide spectrums of users require information about labour statistics. These range from users with broad, general needs for information about the main aggregates, to those with highly specialised needs relating to particular data items. The main categories of users, and their likely needs, are set out below:

- The Commonwealth Treasury, the Reserve Bank of Australia (RBA), the Productivity Commission and other public sector economists - a reasonably detailed understanding of Australian sources and methods to support their interpretation of the estimates and

forecasting of economic aggregates.

- Financial sector economists, economists working for interest groups, national and international investors, public sector economists in other countries and international credit rating agencies - a reasonably detailed understanding of the conceptual framework, the sources and how the estimates are compiled, to support their interpretation of the statistics and provision of advice to their organisations and clients.
- Trade unions, employer associations, industrial tribunals and lobby groups - a reasonably detailed understanding of the conceptual framework, the sources, and how the estimates are compiled, with more detail on particular items to support research.
- Financial journalists - a broad understanding of the conceptual framework, how the estimates are compiled, and the main outputs, to support media commentary on the current performance of the Australian economy. These users may occasionally require a more detailed understanding of particular aspects.
- Academic researchers - a reasonably detailed understanding of the conceptual framework, the sources and how the estimates are compiled, with more detail on particular items to support research and modelling.
- International agencies such as the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD), the World Bank and the United Nations Statistics Division - generally these agencies require a reasonably detailed understanding of all aspects of the statistics. Their uses encompass monitoring the extent of country adherence to international standards and practices, the compilation of country groupings and world economic statistics, assisting in understanding differences in the economic performance of countries, and modelling work to support the preparation of country reports.
- Students at upper high school level or undergraduate level at university - a broad understanding of the conceptual framework, how the estimates are compiled and the main outputs (publication tables, written and graphic analysis, and explanatory notes), to understand the role of education in employment outcomes in the Australian economy.
- Teachers/teaching academics - a broad understanding of the conceptual framework, how the estimates are compiled and the main outputs, to support teaching about Australia's economy.
- Labour statisticians in other countries - a reasonably detailed understanding of Australian sources and methods, with more detail on particular accounts or items to compare with their own practices.

Labour statistics are used extensively in both economic and social analyses. They are used in the analysis, evaluation, and monitoring of: the economy; the labour market; a wide range of government policies (relating in particular to employment, income support, industrial relations); and population groups of particular concern (women, younger persons, older persons, indigenous people, etc.).

History of Australian labour statistics

Some statistics relating to wage levels, hours of work, labour organisations and unemployment were available in the separate self-governing colonies of Australia in the nineteenth century, when separate statistical bureaux were set up in the various states. However, it was only after Federation in 1901, the subsequent enactment of the Census and Statistics Act in 1905, and the establishment of the Commonwealth Bureau of Census and Statistics in 1906 (later abolished and replaced by the Australian Bureau of Statistics in 1974), that the ground was prepared for the compilation of uniform labour statistics for the whole country. In the first national census of 1911, information was collected on occupation, wage rates, unemployment and duration of unemployment. In the same year a Labour and Industrial Branch was set up within the Commonwealth Bureau of Census and Statistics, with the responsibility for publishing a report 'Trade Unionism, Unemployment, Wages, Prices and the Cost of Housing 1891-1912'.

Responsibility shortly thereafter extended into the fields of industrial disputes, trade unions and industrial accidents. This established the pattern of labour statistics that was to be followed more or less unchanged until the early 1960s. The principal sources of information available during this era were:

- Population censuses – undertaken in 1911, 1921, 1933, 1947 and 1954;
- Trade unions – details of wage rates, numbers of unemployed union members and industrial disputes; and
- Administrative sources – details of awards, determinations, industrial agreements and industrial accidents provided in State and Federal statutory reports were all used in the production of labour statistics.

The first regular statistical measure of 'employment' in Australia dates from the introduction of Payroll Tax in 1941. This provided an administrative source of information suitable for deriving civilian employment by industry for each state and Australia, and average weekly earnings for employed wage and salary earners.

The Commonwealth Employment Service (CES) was established in 1947 to assist people seeking employment to obtain jobs best suited to their qualifications, skills, training and experience, and to assist employers seeking additional labour to obtain people best suited to their needs. As a by-product, the CES produced measures of unemployed persons awaiting placement, as well as measures of vacancies notified by employers. The unemployment measure of the CES remained the official measure of unemployment in Australia until the 1970s. Since one of the principal requirements for qualifying for unemployment benefits was registration with the CES, a high degree of coverage resulted.

The integration of the separate State Statistics Bureaux with the Commonwealth Bureau in

the late 1950s (though the Tasmanian integration agreement had been reached in 1924) allowed the resultant statistical organisation to place more emphasis on direct collections (more in line with international practices), and less emphasis on administrative by-product data.

The Commonwealth Bureau of Census and Statistics introduced household surveys in 1960, primarily to provide more detailed and comprehensive measures of the labour force than could be provided from administrative data sources (such as the CES series). Initially the program of household surveys comprised only the LFS, which was conducted in capital cities and on a quarterly basis. In 1964 the LFS was extended to the whole of Australia, and in 1978 it was expanded to a monthly frequency, when the Commonwealth Government decreed that it would provide the official measures for employment and unemployment. A supplementary topic was included with the LFS for the first time in November 1961, and this concept has been gradually extended so that a number of months in each year now include supplementary questions on one or more topics. In 1994 the LFS also became the vehicle for a continuous survey of income and housing costs.

In the 1980s the program of household surveys was further expanded to include a program of Special Social Surveys. These surveys collect in-depth information about a population group or subject area of interest, as well as a range of labour force data for the population in scope. In recent years two Special Social Surveys have focussed on labour topics - the Longitudinal Survey of Employment and Unemployment Patterns (1994-1997), and the Survey of Employment Arrangements, Retirement and Superannuation (2007). In 1993, the quarterly Population Survey Monitor was introduced. This survey vehicle was designed to collect small amounts of data about simple topics at a reasonable cost, and to output results in a timely manner. It was discontinued in 2000.

In addition to household surveys, the Commonwealth Bureau of Census and Statistics also introduced labour employer surveys in the 1960s. The program of employer surveys initially comprised an annual survey of employing businesses, which was designed to supplement data being derived from payroll tax records to produce a quarterly average weekly earnings series. Conducted each October, the survey collected detailed dissections of earnings and hours paid for, for various categories of jobs (adult and junior, full-time and part-time, managerial and non-managerial) for both males and females. The quarterly series of average weekly earnings provided limited information about the composition of earnings, and no information on occupational earnings or the distribution of earnings. To supplement the quarterly series, a more extensive survey producing this information was introduced in 1974. Currently conducted biennially, this survey is known as the Survey of Employee Earnings and Hours. A survey of job vacancies was also launched in 1974.

By 1981 it was recognised that the payroll tax series used to produce the average weekly earnings and civilian employee series had deteriorated significantly in terms of coverage, due to increasing payroll tax exemptions. Both series were discontinued and replaced with new series based on two new quarterly surveys of employers - the Survey of Average Weekly Earnings (introduced in 1981 and subsequently modified in 1983), and the Survey of Employment and Earnings (introduced in 1983). The mid 1980s also saw the introduction of an irregular survey of labour costs in 1985-86, which in the early 1990s was supplemented by a series of surveys on training expenditure (1989, 1990, 1993, and 1996). In 1997 the quarterly Wage Cost Index was introduced.

As described in [Information Paper: Outcomes of the Labour Household Surveys Content Review, 2012](https://www.abs.gov.au/ausstats/abs@.nsf/mf/6107.0) (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6107.0>), the ABS conducted a review of content included in the labour household survey program in 2010-11. The review aimed to improve the relevance of data released, maximise the coherence of interrelated topics and minimise the duplication of content. The scope of the review included the LFS, labour supplementary surveys and labour Multipurpose Household Survey topics. A major outcome of the review was the consolidation of a range of content collected across labour supplementary surveys into two annual collections. Content collected in the supplementary Employee Earnings, Benefits and Trade Union Membership and Forms of Employment surveys was combined and is now included in the content of the Characteristics of Employment supplementary survey, conducted annually each August from 2014. Content collected in the supplementary Persons not in the Labour Force, Underemployed Workers, Job Search Experience and Labour Mobility surveys was also combined and is now included in the content of the Participation, Job Search and Mobility supplementary survey, conducted annually each February from 2015.